

Message Text

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ORIGIN OPIC-06

INFO OCT-01 EA-07 EB-07 ISO-00 AID-05 FRB-03 OMB-01 TRSE-00

CIAE-00 INR-07 NSAE-00 /037 R

DRAFTED BY OPIC/F FRHILL

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EB/IFD/OIA:DHSTEBBING

EA/IMS:ARDORNHEIM (INFO)

----- 031846

R 270116Z FEB 76

FM SECSTATE WASHDC

TO AMEMBASSY JAKARTA

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E.O. 11652:N/A

TAGS: EFIN

SUBJECT: P. T. DARALON

1. ON FEB 19, 1976, OPIC, IFC, SPRINGS MILLS, BOUNDSGREEN AND DARALON EXECUTED AN AGREEMENT WHICH PROVIDES FOR AN OPTION EXERCISABLE THROUGH JUNE 30, 1977 TO OPIC AND IFC, ACTING JOINTLY ON A 50-50 BASIS, OR THEIR NOMINEE TO PURCHASE FOR ONE DOLLAR ALL OF THE STOCK OF BOUNDSGREEN (WHICH IN TURN OWNS 58 PERCENT OF DARALON'S CAPITAL STOCK); SPRINGS WILL ASSUME ALL LIABILITIES OF BOUNDSGREEN EXCEPT FOR A THREE HUNDRED FIFTY THOUSAND AOLLAR BANK LOAN WHICH WILL BE ASSUMED BY THE PURCHASER. UPON EXERCISE OF THE OPTION ADVANCES FROM SPRINGS TO DARALON, AGGREGATING OVER SEVEN MILLION DOLLARS INCLUDING ACCRUED INTEREST, WILL BE SUBORDINATED AND EXTENDED (PRINCIPAL AND SIMPLE INTEREST AT SIX PERCENT, COMMENCING IN 1982, WILL BE DUE IN A LUMP SUM IN TYE YEAR 2047). SPRINGS WILL CONTINUE TO PROVIDE MANAGEMENT SERVICES THROUGH THE OPTION PERIOD UNLESS EARLIER

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TERMINATED BY EXERCISE OF THE OPTION OR OTHERWISE AT THE

ELECTION OF OPIC AND IFC.

2. PURSUANT TO EARLIER DEFERRAL AGREEMENTS WITH OPIC AND IFC AND A CONDITION TO FEBRUARY 19 AGREEMENT, SPRINGS ADVANCED ANOTHER ONE HUNDRED FIFTY THOUSAND DOLLARS TO DARALON ON FEB 23.

3. COMPLETION THIS AGREEMENT SET FRAMEWORK FOR CONTINUED

DARALON OPERATIONS WHILE A NEW PURCHASER/MANAGER IS LOCATED. INITIAL CONTACTS WITH POTENTIAL TAIWANESE AND PHILIPPINE (CHINESE) OPERATORS FAVORABLE; BOTH SENDING INSPECTION TEAM JAKARTA UPON RECEIPT NECESSARY VISAS. DECONTROL FOLLOWING FEBRUARY 24, 1977. KISSINGER

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: AGREEMENTS, STOCKS (SECURITIES), ORGANIZATION & MANAGEMENT
Control Number: n/a
Copy: SINGLE
Draft Date: 27 FEB 1976
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: morefirh
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1976STATE047344
Document Source: CORE
Document Unique ID: 00
Drafter: F FRHILL
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D760074-0310
From: STATE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1976/newtext/t1976024/aaaaaczs.tel
Line Count: 74
Locator: TEXT ON-LINE, ON MICROFILM
Office: ORIGIN OPIC
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: morefirh
Review Comment: n/a
Review Content Flags:
Review Date: 25 MAY 2004
Review Event:
Review Exemptions: n/a
Review History: RELEASED <25 MAY 2004 by greeneet>; APPROVED <07 JUL 2004 by morefirh>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
04 MAY 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: P. T. DARALON
TAGS: EFIN, ID, OPIC, IFC, SPRINGS MILLS, BOUNDSGREEN, DARALON
To: JAKARTA
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006